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FEDERAL COMMUNICATIONS COMMISSION  
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In the Matter of )  
 )  
800 Database Access Tariffs )  
and the 800 Service )  
Management System )

CC Docket No. 93-129

**DIRECT CASE OF THE AMERITECH OPERATING COMPANIES**

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<sup>1</sup> The Ameritech Operating Companies are Illinois Bell Telephone Company, Indiana Bell Telephone Company, Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company, and Wisconsin Bell, Inc.

II. AMERITECH'S TERMS AND CONDITIONS ARE CLEAR,  
REASONABLE AND CONSISTENT WITH THE ACT

A. Ameritech's Basic 800 Query Service  
includes Area of Service Routing

The Designation Order cites concerns as to whether LEC tariffs comply with the Commission's February 10 Order by treating as basic all area-of-service routing instructions based on an NPA-NXX area or larger. As Ameritech explained in its Reply to Oppositions to Transmittal No. 698,<sup>2</sup> this treatment is a practical necessity. When a subscriber requests area-of-service routing for a single LATA, the RESPORG can execute these instructions by entering into SMS/800 the appropriate LATA code. Alternatively, the RESPORG can enter into SMS/800 each NPA-NXX combination contained within the LATA. By the same token, a RESPORG can enter an area-of-service routing instruction for a single NPA-NXX. The RESPORG controls how the geographic area is selected for area-of-service routing. Neither SMS/800 nor the SCP is able to distinguish an instruction entered for a single NPA-NXX from multiple instructions intended to cover an entire LATA's traffic. Accordingly, Ameritech must treat both situations as basic. The only situation where multiple carrier routing feature on area-of-service is treated as vertical is when the area-of-service is smaller than NPA-NXX, *i.e.*, NPA-NXX-XXXX.

In its Reply, Ameritech also clarified an apparent misunderstanding of Sprint regarding area-of-service routing definitions. Sprint appeared to have mistaken the area which Ameritech has defined for its "specialized area-of-service" options as the basic area-of-service routing option. The "specialized area-of-service" option refers to area-of-service screening, an option provided

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<sup>2</sup> In the Matter of Ameritech Operating Companies Tariff, FCC No. 2, Transmittal No. 698, Reply to Petitions to Reject or to Suspend and Investigate, filed April 2, 1993 ("Reply").

when (a) Ameritech is the RESPORG, (b) there is only one interexchange carrier associated with the 800 number, and (c) the customer wishes to receive calls only from a specific geographic area.

**B.     A Query Charge Should be Assessed for Each  
          Lookup, Regardless of Call Completion Status**

The Designation Order cites petitioners' claims that LEC tariffs are not uniform as to charging for completed queries even if the associated call is never delivered to the carrier. The Commission has ruled that charges should be assessed on a per-query basis.<sup>3</sup> Despite this, some commentators put forth the notion that a charge should not be assessed unless the call is routed to the carrier, intimating that the query function relies on the call being routed, not vice versa. However, the only circumstance where a call not routed would have a query would be when the carrier's facilities are busy or the infrequent case where the caller hangs up immediately after dialing the last digit. No party has put forth any agreement which would justify the Commission charging its per-query charge ruling.

**C.     Ameritech Can Enter Customer Routing Instructions  
          for InterLATA Vertical Features**

Entering a customer's routing instructions for vertical features associated with interLATA 800 service does not constitute prohibited "marketing" of vertical features under the Commission's orders. The Commission has determined that LECs may perform RESPORG services, and this naturally includes activities such as 800 number reservation and service activation, disconnect and maintenance. These clerical "service bureau" functions hardly equate to marketing vertical features to end users in competition with interexchange carriers.

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<sup>3</sup> Second Report and Order, In the Matter of Provision of Access for 800 Service, CC Docket No. 86-10, released Jan. 29, 1993 (800 Rate Structure Order), at ¶ 14.

The Commission has clearly restricted Ameritech from marketing its vertical features directly to end users for use with interLATA 800 service, and Ameritech scrupulously abides by that restriction. However, Ameritech, while acting as RESPORG for an end user, will have occasion to enter routing instructions associated with vertical features into SMS/800 at the end user's request. However, what is critical here (and what is overlooked by some parties) is that, since Ameritech sells these vertical features to the interexchange carriers -- and not to the end user -- Ameritech may not enter routing instructions for vertical features into SMS/800 if the interexchange carrier(s) have elected not to buy those vertical features. Expanding the restriction to include entry of such information into SMS/800 would severely limit Ameritech's ability to serve customers as a RESPORG. Ameritech would be unable to execute all of a customer's instructions, thus necessitating the involvement of a second RESPORG. The inevitable result of such a situation would be to eliminate LECs from the role of furnishing RESPORG services.

D. Use of Ameritech's RESPORG Services is not a  
Prerequisite to Ordering Vertical Features

The Designation Order cites commentators' concerns that at least one tariff appeared to require use of LEC RESPORG services as a prerequisite to ordering vertical features.<sup>4</sup> Ameritech's tariff sets no such requirement. Use of Ameritech's RESPORG services is independent of any other tariffed 800 Database Service.

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<sup>4</sup> AT&T Opp to Trans 698 at p. 5; MCI Opp to Trans 698 at pp. 36-37

**III. THE METHOD USED BY AMERITECH TO RESTRUCTURE AND INCORPORATE EXOGENOUS COST CHANGES IS REASONABLE**

The Designation Order requests comment on the two methods used by the price cap LECs, plus an alternative method, to adjust the Price Cap Index (PCI) for the restructure and exogenous cost change.

**A. Ameritech's Method is Most Consistent with Price Cap Rules**

Ameritech, utilizing Method 2, first adjusts the PCI to reflect the change in exogenous costs. This PCI change triggers changes to the Service Band Index (SBI) upper and lower limits for the existing service categories. The SBI for the 800 Database category is initialized at 100 with upper and lower limits set at 105 and 95, respectively. The 800 query rate is set in relation to the underlying cost change, and the Actual Price Index (API) is increased accordingly.

Ameritech employed this method because it is most consistent with the price cap rules. A possible concern with Method 2 is that the adjusted lower SBI limit might end up higher than the existing SBI for an existing service category. However, the Commission's allowance of below-band rates for Bell Atlantic, Pacific Bell and US West for a similar situation in their filings for exogenous cost



treatment for SFAS 106 stands as precedent. Another concern of the Commission related to Method 2 is that it creates "significant pricing flexibility opportunities that were not available prior to the restructure." (Designation Order, at Para. 22) It is true that the gap between the SBI and the upper SBI limit is increased with this method, but it does not directly follow that LECs will be able to increase prices because the API may already be at or near the PCI, or market pressures may prevent price increases. The biggest concern should be the loss of downward pricing flexibility since the existing SBIs will be closer, if not equal, to the lower SBI limit.

**B. United's Method Does Not Appear to be  
Consistent with Price Cap Rules**

United, utilizing Method 1, performs the restructure first. This involves reducing rates in the existing service categories in the traffic sensitive basket (local switching, local transport and information) by the amount of revenue associated with the 800 Database Service category. Even though rates are reduced, the SBIs are not adjusted. The SBI for the 800 Database Service category is set equal to the current API, and the upper and lower SBI limits are set at plus and minus 5 percent around the SBI. Next, the PCI for the traffic sensitive basket is increased by the amount of the exogenous cost change. This increase in the PCI triggers a change to the SBI upper and lower limits for all service categories, including the 800 Database category. Finally, rates for existing services are raised back to their original levels and increases are made to the SBIs and APIs accordingly.

Method 1 appears to involve superfluous calculations -- the existing rates are first reduced, then they are increased again. Ameritech fails to see consistency between Method 1 and the price cap rules. The end result is desirable in that the rates for existing service categories are not affected and

pricing flexibility only changes by a minor amount. However, many calculations are required to reach this result.

**C.     The Commission's Alternative Method  
Appears to Require a Waiver**

The alternative method proposed by the Commission, designated Method 3, adjusts the PCI for the exogenous cost change, but does not cause changes to the existing SBIs, SBI limits or existing rates. The 800 query rate is set in relation to the exogenous cost change, and the API is increased accordingly. The 800 Database SBI is set at either 100 or the API.

Method 3 is appealing since the end result is similar to Method 1 and is less of an administrative burden. Method 3 does not affect the pricing flexibility of the existing service categories. However, Method 3 does not appear to comply with FCC rules requiring PCI changes to drive price changes. Ameritech probably would choose this method in the future if the price cap rules (or a waiver) would allow it.

**D.     Initialization of the Database API at 100 is Preferable**

Ameritech agrees that initialization of the 800 Database SBI at 100 or the API makes no mathematical difference. Ameritech believes that setting the SBI at 100 is appropriate, since it represents the creation of a new category and the original categories were initialized at 100.

**IV.    AMERITECH'S 800 DATABASE EXOGENOUS COSTS  
ARE REASONABLE AND CONSISTENT WITH  
THE 800 RATE STRUCTURE ORDER**

The standard for exogenous treatment of 800 Database costs is clear. As the Commission explained in its 800 Rate Structure Order, "it is appropriate to allow the LECs to treat as exogenous the reasonable costs they incurred

specifically for the implementation and operation of the basic 800 Database Service required by the Commission orders." Appendix A provides a detailed description and justification of specific costs which were included in Ameritech's costs claimed for exogenous treatment.

**A. LECs Should be Allowed Exogenous Treatment  
for SMS/800 Expenses They Incurred**

The Designation Order requests comments on whether the LECs should be allowed exogenous treatment for SMS/800 expenses. Petitioners had raised concern that SMS/800 costs might be over-recovered. In response to those concerns, Ameritech's Reply demonstrated that there is no double recovery of SMS/800 costs, that all SMS/800 costs have been publicly disclosed in the SMS/800 tariff, and that Ameritech only included its SCP Owner/Operator costs in the calculation of the exogenous cost.

The functions served by the SMS/800 to support the SCP are specific to the implementation and operation of 800 Database Service. Therefore, SCP Owner/Operator costs should be allowed exogenous treatment.

**B. Certain Costs Other Than SMS/800 Expenses and Additional  
SCPs Were Incurred Specifically for 800 Database  
Service, and Should Receive Exogenous Treatment**

The Designation Order cites concerns as to the appropriateness of exogenous treatment for costs of translations changes, SSP functionality, and vendor software supports. As these costs were incurred specifically to implement 800 Database Service, they should be accorded exogenous treatment.

The cost of reprogramming Ameritech's switches for three-digit screening of 800 numbers, rather than six digit screening, is incurred specifically for 800 Database Service. In fact, 800 Database Service could not operate without these switch translations because under the "old" method of six digit screening the

carrier routing function took place at the end office. Under the database method, this courier routing function takes place at the SCP. The switch translations at issue are necessary for this change.

Similarly, 800 Database Service could not operate without SSP functionality in end offices to initiate database queries. Ameritech's Description and Justification (D&J) to its Transmittal No. 698 explains the method by which Ameritech calculated the SSP costs attributable solely to 800 Database Service. This methodology identifies the cost of using the SSP to suspend call processing in order to initiate the database query.

Finally, the cost for current and future manufacturer computer software support and maintenance for the SCP front and back-end computers is incurred specifically for the operation of the SCP. If Ameritech were not required to offer 800 Database Service, Ameritech would not incur these costs. For this reason, SCP support costs should be treated no differently than the costs for the SCP itself. Both are entitled to exogenous treatment.

C. Costs Incurred Solely to Meet the Commission's Access Time Standards Were Not Included in Ameritech's Exogenous Costs

The Designation Order cites petitioners' argument that some costs should be disallowed because they were incurred to meet the Commission's access time standards, not to implement 800 Database Service. Ameritech only included costs that are specific to the implementation and operation of 800 Database Service. Local STPs and their associated links, both A-links and D-links, were not considered in the development of exogenous costs. Appendix A, Items 7 and 8 address the specific SS7 network components included in the exogenous costs.

**D. Use of Levelized Demand to Determine Exogenous Costs is Proper**

The Designation Order cites petitioners' concerns that the use of levelized demand may distort the computation of exogenous costs. Demand by itself does not change the price cap index (PCI) over time. Demand only enters the PCI formula via the "R" value which equals base period demand times the rates in effect the last time the PCI was updated. The "R" value only affects the PCI if there is an exogenous change (Delta Z) by transforming the dollar amount of the exogenous change into a percentage change ( $Z/R$ ) relative to base period revenue as measured by the "R" value. Growth in demand/revenue does not directly affect the PCI. In fact, as demand/revenue grows, the percentage impact of an absolute dollar amount of exogenous change declines. The exogenous cost treatment Ameritech used for 800 Database Service is a one-time event. Even if there were exogenous treatment each year for 800 Database Service, the exogenous cost adjustment is not automatically inflated each year by virtue of the new base period demand. Actually, the effect of annual exogenous cost adjustments would be "deflated" as demand grows.

**V. AMERITECH'S RATEMAKING METHODOLOGIES ARE PROPER**

Attachments I and II provide detailed information and explanations of the methods used to determine demand, costs, and prices for Ameritech's 800 Database Service.

**A. Ameritech Used Reasonable Rate making Methodologies in Developing Rates for Basic Queries and Vertical Features**

Ameritech's incremental methodology to compute the costs of basic queries and vertical features was entirely appropriate.

The cost components for basic 800 queries and vertical feature queries are essentially identical. This includes investment for the SCP, the regional STPs, the SSP, the interconnecting links between the SCP and STP, and other direct costs. In order to calculate the costs of vertical features, Ameritech first calculated the cost of a basic query. This was done by determining the proportion of system capacity needed to process a basic query in relation to total costs. Using the same methodology, Ameritech then determined the total system capacity used to process a vertical query in relationship to total costs. The cost of a query with vertical features is greater than the cost of a basic query by a small amount. This difference, the incremental cost of a vertical feature, was reflected in the rate for routing options.

This costing approach is consistent with the flexible cost based standard established by the Commission in the Part 69/ONA Order. MCI's argument that Ameritech should directly assign investments to basic and vertical features is fundamentally inconsistent with the pricing flexibility granted by that order. In fact, it would be an artificial assignment of costs. There is no difference in the SCP hardware and software needed to process basic queries and vertical queries. The only cost difference relates to the increased processing time required to retrieve additional instructions from the database record.

The rate for basic 800 queries was set at a level above direct cost. This is appropriate to ensure that 800 Database Service is not subsidized by any other service. The query rate of .0022 originally filed<sup>5</sup> also included some contribution to overhead expenses, as shown by the direct cost to unit price ratio of 73.45%. While the Commission should not rely solely on an arbitrary application of cost to price ratios in finding rates reasonable, the 800 basic query ratio is in the range

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<sup>5</sup> This rate was reduced to .002066 with Trans. No. 717, which reallocated certain General Support Facilities costs.

of ratios for other services such as ASCAI and ADS where the rates were allowed to become effective. In addition, the annual contribution to overhead expenses provided by 800 basic query revenues is approximately \$2.3 million, which is not excessive relative to total switched access revenues.

Rates for vertical features were developed based on the incremental cost difference between a basic query and a query which included vertical features.

**B. Ameritech Properly Allocated Shared Costs Both Among Services (i.e., 800 Database Service and LIDB, Basic and Vertical Query Service) and Between Jurisdictions (Interstate and Intrastate)**

The Commission designated the issue of whether the wide range of loading factors used by the LECs is appropriate. Pursuant to the Part 69/ONA Order, the Commission does not mandate uniform loading of overhead costs. In order to give a LEC the flexibility needed to achieve efficient pricing, the Commission only requires a LEC to justify the loading methodology it selects.

Ameritech developed annual cost factors and loading factors consistent with the methodology it has used in previous switched access tariff filings. A complete discussion of this methodology was most recently provided in the direct case of Ameritech in the investigation of its Line Information Database (LIDB) and STP access tariff, CC Docket No. 92-24, filed April 21, 1992. There is a slight difference in line item factors such as depreciation and maintenance in the 800 Database Service tariff because factors are reviewed and updated annually.

Attachment I, Item 10 provides a discussion of the allocation of costs among the functions or services utilizing the SS7 network. On the jurisdictional question, the unit cost for 800 Database Service is based on a total forecast of 800 Busy Hour queries, i.e., interstate and intrastate queries. The proportion of total queries in each jurisdiction determines the allocation of total costs to each.

C. The SMS/800 Costs Used to Support 800 Database Query Rates Were Derived in Compliance With Affiliate Transaction Rules

The Designation Order cites petitioners' allegations that SMS/800 costs are unreasonable because they involve an affiliate transaction; that SMS/800 costs may be duplicative of costs proposed to be recovered through the SMS/800 access tariff; and that SMS/800 costs should be reduced to reflect LEC use of SMS/800 for intraLATA services. Ameritech addresses each of these criticisms below.

First, the fact that Bellcore is an affiliate of Ameritech does not make its costs of providing SMS/800-related services unreasonable. To the contrary, the reasonableness of these costs is assured by the Commission's affiliate transaction rules which require that services provided by an affiliate to a regulated entity be quantified at fully distributed cost. Also, the Commission's affiliate transaction rules carefully control the recording of the services between affiliates by requiring that the regulated entity only record on its books of account the fully distributed costs of services received, without any profit. These rules ensure that Bellcore's SMS/800-related costs are properly recorded and billed to Ameritech, and are more than sufficient to ensure the reasonableness of the costs of services provided by Bellcore.

Second, there is no double recovery of SMS/800 costs. All SMS/800 costs have been publicly disclosed in the Bell Operating Companies' SMS/800 tariff filed March 5, 1993. Appendix 1 of that filing explains the methodology used to allocate costs between RESPORG functions (a tariffed service) and SCP Owner/Operator functions (a non-tariffed service). The allocation was based on cost causative principles, including task-oriented cost studies. Costs for these two distinct functions are documented throughout Appendix 1 of the SMS/800 tariff. Ameritech did not include any SMS/800 access costs in the 800 query rate



element, and did not include any SCP Owner/Operator costs in its rate for 800 Number Administration. Therefore, there can be no double counting as MCI suggests.

Third, Ameritech based its per query cost on total queries, including the queries it uses for its own intraLATA 800 service. Thus, the rates that customers pay for interstate 800 Database Service reasonably reflect the amount of the investment attributable to Ameritech's interstate 800 Database Service.

**D.     The CCSCIS Cost Model Should Not be  
          Disclosed in the Public Record**

Several petitioners claim that Ameritech should be required to place its cost models in the public record for review. Ameritech strongly objects to this request.

Ameritech used the Switching Cost Information System (SCIS) cost model to analyze the SSP investment associated with providing 800 Database Service. Ameritech used the Common Channel Signaling Cost Information System (CCSCIS) cost model to analyze the SCP, SCP link and regional STP investments associated with 800 Database Service. As explained below, the disclosure of these cost models is not necessary to the Commission's review of Ameritech's rates, especially given the presumption of reasonableness which applies under 47 CFR § 1.773 (iv).

First, these cost models are proprietary trade secrets of Bellcore and should be protected from public disclosure. The Commission has already determined that the SCIS model is proprietary and should not be disclosed to the public. This ruling has been upheld by the United States District Court for the District of Columbia. The SCIS and CCSCIS costing models are "similar," and must be afforded the same protection.

Both models consist of Bellcore proprietary software, as well as engineering, pricing and operational information which is proprietary to several large vendors such as AT&T, Northern Telecom, and Ericsson. This information is provided to Bellcore voluntarily under an explicit non-disclosure agreement. Disclosure of the SCIS and CCSCIS models would discourage future cooperation by equipment vendors, and would destroy the usefulness of this very valuable costing model. Also, disclosure would adversely impact the highly competitive marketplace for switching equipment.

Second, Commission review of SCIS and CCSCIS would not assist in the review of Ameritech's 800 Database Service tariff. The SCIS model has already been independently reviewed by Arthur Andersen in the ONA proceeding. This review was filed in the public record, and concluded that SCIS is a fundamentally sound cost model which provides reasonable estimates of switching system investments. A further review of the cost models would be duplicative and would not assist the tariff review process.


Finally, further review of the cost models would be burdensome and wasteful. In the ONA proceeding, the fees for the Commission-ordered independent review were extremely high. In addition, SCIS issues triggered a seemingly endless string of motions and orders at the Commission, and consumed substantial administrative resources. The Commission has devoted enough of its scarce resources to this issue. The reasonableness of these cost models has already been established, and no further review is appropriate.

## VI. CONCLUSION

Ameritech has demonstrated in this Direct Case that its tariff's terms and conditions are clear, reasonable and consistent with the Communications Act and

Commission Rules and Orders on 800 Database Access Service. Ameritech has also established that its ratemaking methodologies, allocation of costs and prices are fair and reasonable. Based upon this Direct Case, the Commission should conclude that Ameritech's tariff terms, conditions and rates are just and reasonable, that the tariff may stand as filed, and that it warrants no further investigation.

Respectfully submitted,

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## **ATTACHMENT I**

### **Response to Specific Questions in Appendix A**

**Item 1. If a discount rate is used in your demand calculations, explain the rationale for using this rate.**

The 10.9% discount rate was used to levelize demand. This discount is used by Ameritech to levelize demand in all of its tariff filings.

**Item 2. If you based your demand growth assumptions completely on past performance, explain why the introduction of 800 Database Service will have no effect on the growth rate for 800 query demand for your company.**

Ameritech's demand growth assumptions were not based exclusively on past performance. Based on data obtained at interexchange carrier seminars and from individual customer contacts, it is estimated that approximately sixty percent (60%) of the 800 queries will use some form of routing options.

Almost all existing interexchange carrier providers of 800 service are expected to request that the 800 number be returned with the carrier identification. Smaller carriers just entering the 800 market may request that the POTS number be returned in order to avoid having to establish their own translation capability. The number of queries provided with the POTS number is expected to be very low, approximately 0.5 percent (.5%) of total queries. Of those queries, about sixty percent (60%) will also request other routing options [0.3 percent (.3%) of the total queries.]

Ameritech believes that the "percent allocation" vertical feature will be an attractive option to 800 subscribers because it will permit them to sample the 800 services of several different carriers with little or no administrative difficulty. The "percent allocation" feature is new, and hence Ameritech believes demand will be particularly high for this option.

Ameritech believes that query demand will jump dramatically in 1993 and 1994 as 800 Database Service comes on line, and as interexchange carriers actively market 800 database service for new applications. This rate of growth will begin to slow in approximately 1995 as the market for new applications becomes saturated.

**Item 3. Explain how the demand assumptions were used in your ratemaking methodology.**

Rates for 800 Database Service are based on the direct costs of providing that service. The direct costs are determined through an allocation process based on relative demand for all services which used the database system (800 Database LIDB, and CNAM).

**Item 4. Provide the annual costs for all expenses to the SMS/800 incurred pursuant to contracts with Bellcore, Data Services Management, Inc., or any other entity. Provide the terms of the contract and an explanation of how the annualized amount is calculated.**

The costs, terms and conditions associated with these agreements are discussed in the Bell Operating Companies' Direct Case.

**Item 5. Provide the cost detail, by account, associated with upgrading the SSPs for 800 Database Service and justify why those upgrades should be treated as exogenous costs.**

Ameritech asserts that there are three costs at the SSP that are incremental to basic 800 queries and should, therefore, be treated as exogenous. These costs include the software to upgrade the switch to an SSP, the translations costs required to perform three digit translations, and the processing cost required for launching the query.

The SSP must be equipped with software specific to 800 Database Service in order to provide the SSP capability. Since this software is specific and incremental to 800 Database Service, it should be treated as exogenous according to the directives of Second Report and Order, dated January 29, 1993, paragraph 28. While the AOCs assert that the SSP capability requires exogenous treatment, they were unable to identify the 800 Database Service specific software costs. Previously, Ameritech purchased software on a per feature per office basis. Ameritech recently entered into a series of software agreements with their three largest switch vendors which precludes the identification of specific software

costs. The agreement includes generic upgrades as well as hundreds of optional features, and allows Ameritech to install the software to any applicable switch in the region. As such, an allocation of costs to a specific feature or function would be arbitrary and capricious. There still remains the need, though, to price features and functions to recover software purchase price in total.

The translation cost included in Ameritech's exogenous cost changed the translations so that the SSP recognizes only the first three digits (i.e., 800) rather than the six digits (i.e., 800-NXX) that was required in the former configuration. These translations are specific and incremental to 800 Database Service and should receive exogenous treatment.

Signaling processing, which is the actual function of launching the query, is a function of any SS7 call. Each service utilizes a specific number of octets per call. In order to properly attribute the investment associated with SS7 signaling, a unit of capacity or signaling octet is developed. The investment identified by Ameritech properly identifies the capacity for processing the signaling associated with 800 queries only. Since this investment is exhaustible, Ameritech properly included a signal processing capacity cost specific to 800 Database Service and included it in the calculation of its exogenous cost.

**Item 6. If overhead costs were included as exogenous costs in your initial filing, justify why those costs should be treated as exogenous costs.**

Ameritech is no longer seeking exogenous treatment for overhead costs originally included in Transmittal No. 698 and removed from the exogenous cost change by the Commission in its April 28 Order.

**Item 7. If signaling link costs between local STPs and regional STPs are included as exogenous costs, justify why those costs should be treated as exogenous costs.**

Ameritech did not include links between the local and regional STP (D-Links). However, the costs of SCP links to the regional STP (A-Links) were included in the exogenous cost. These A-Links provide access to the databases within the SCP, and are used only for database services. Ameritech properly apportioned the A-Link investments among the services provided by the SCP (800 Database, LIDB, and CNAM) based on relative demand for those services.

**Item 8. If costs for regional or local STPs are included as exogenous costs, justify why those costs should be treated as exogenous costs.**

The STP concentrates and routes SS7 signals to and from signaling points, i.e., SSPs, SCPs and other STPs. To provide for a more efficient signaling network, Ameritech's SS7 network is configured to home all local STPs on the regional STP for database access. In this configuration, the ports terminating the SCP links on the regional STP are utilized only for signaling traffic to the SCP and, therefore, are an incremental cost to the services utilizing the SCP, i.e., 800 Database Service and LIDB. Ameritech properly apportioned the investments associated with the port terminations to 800 Database Service and included it in the exogenous costs. Local STP costs were not included in the exogenous costs.



**Item 9. For each of your company's SCPs, list and describe each service that is supported by that SCP, (i.e., 800 Database Service, LIDB, virtual private networks, wide area Centrex or unrelated administrative functions). Provide a diagram of the equipment in an SCP installation typical for your company.**

Ameritech's network consists of two mated pairs of SCPs, each comprised of eight Front End and three Back End Computer Processing Units as reflected in Attachment III. The services that are supported by the SCPs are as follows:

- 800 Database Service
- Line Information Database (LIDB) - A service that allows the customer's end users to bill calls to an account not necessarily associated with the originating line.
- Calling Name Delivery (CNAM) - A central office service that allows a customer to identify the point of origin based on listed name, from which a call is being made. The listed name associated with the calling number is displayed on a device attached to the CNAM subscriber's telephone. CNAM is an exchange service which, in its initial deployment, will utilize the LIDB database.